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## DEPARTMENT OF THE TREASURY

### Privacy Act of 1974, as Amended; Systems of Records

#### AGENCY: Financial Management Service, Treasury

**ACTION:** Notice of the consolidation of two systems of records and alterations to a third system of records.

**SUMMARY:** In accordance with the Privacy Act of 1974, as amended, the Financial Management Service gives notice of its proposed consolidation of two of its Privacy Act systems of records entitled “Treasury/FMS .002--Payment Issue Records for Regular Recurring Benefit Payments” and “Treasury/FMS .016--Payment Records for Other Than Regular Recurring Benefit Payments,” and alteration of resulting Treasury/FMS .002. Financial Management Service also gives notice of its proposed alteration to the system of records entitled “Treasury/FMS .014--Debt Collection Operations System.”

**DATES:** Comments must be received no later than [Insert date 30 days after date of publication in the *Federal Register*]. The proposed consolidation and amendments will become effective [Insert date 35 days after date of publication in the *Federal Register*], unless comments are received that would result in a contrary determination.

**ADDRESSES:** You should send your comments to Peter Genova, Deputy Chief Information Officer, Financial Management Service, 401 14<sup>th</sup> Street, SW, Washington, DC 20227.

Comments received will be available for inspection at the same address between the hours of 9 a.m. and 4 p.m. Monday through Friday. You may send your comments by electronic mail to [peter.genova@fms.treas.gov](mailto:peter.genova@fms.treas.gov) or [www.regulations.gov](http://www.regulations.gov). All comments received, including attachments and other supporting materials, are subject to public disclosure. You should submit only information that you wish to make available publicly.

**FOR FURTHER INFORMATION CONTACT:** Peter Genova, Deputy Chief Information Officer, (202) 874-1736.

**SUPPLEMENTARY INFORMATION:** Pursuant to the provisions of the Privacy Act of 1974, as amended, 5 U.S.C. 552a, notice is given that the Financial Management Service (FMS), a bureau of the Department of the Treasury (Treasury), proposes to consolidate two of its systems of records entitled “Treasury/FMS .002--Payment Issue Records for Regular Recurring Benefit Payments” and “Treasury/FMS .016--Payment Records for Other Than Regular Recurring Benefit Payments.” The records maintained in Treasury/FMS .002 will be consolidated with the records described in the Treasury/FMS .016 and will include technical changes to harmonize the consolidation of the two systems, including alterations to two routine uses, and a proposed new routine use.

The records in both systems are records of payments from the United States Government, which are collected, maintained, and used for the same purposes. As a result, it is unnecessary to maintain two separate systems of records for the same types of records. Simultaneously with this consolidation, FMS proposes to rename and amend the system of records notice as “Treasury/FMS .002--Payment Records.” The system of records notice pertaining to Treasury/FMS .016--Payment Records for Other Than Regular Recurring Benefit Payments will be deleted from the FMS inventory of Privacy Act systems of records when this notice is effective.

FMS also proposes to amend its system of records notice entitled “Treasury/FMS .014--Debt Collection Operations System” by adding a new routine use to the notice and amending several routine uses to make clear that FMS discloses these records to Federal and state agencies responsible for administering Federally-funded programs for the purpose of identifying,

preventing, and recouping improper payments. As the agency responsible for disbursing approximately 85% of the Federal Government's payments, FMS is responsible for ensuring that it disburses payments in an accurate and timely manner. Additionally, as the agency responsible for the centralized collection of delinquent debts owed to Federal and state agencies, FMS is responsible for maximizing agencies' ability to collect debts while minimizing costs associated with these efforts. By identifying, preventing, and recouping improper payments earlier in the processes used to grant loans, benefits, and other Federally-funded awards, agencies can reduce the amount of delinquent debt owed to Government agencies.

In recent years, the Federal Government has intensified its efforts to eliminate improper payments, which can occur when funds go to the wrong recipient, the recipient receives the incorrect amount of funds, documentation is not available to support a payment, or the recipient uses funds in an improper manner. Among other things, in November 2009, Executive Order 13520 (Reducing Improper Payments) established a comprehensive approach to improving results in this area, including improved transparency through a new website, [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov), and the appointment of senior accountable officials at agencies with high incidences of payment errors. In 2010, the provisions of the Improper Payments Elimination and Recovery Act (IPERA), codified at 31 U.S.C. 3321 note, imposed additional requirements on agencies to eliminate improper payments. Also in 2010, Federal agencies were directed to review the so-called "Do Not Pay List," to verify the eligibility of a program applicant or participant pre-award, and before payment, for the purpose of reducing the occurrence of improper payments. See, Presidential Memorandum—Enhancing Payment Accuracy Through a "Do Not Pay List," June 18, 2010 (Presidential Memorandum). In those cases where data "available to agencies clearly shows that a potential recipient of a Federal

payment is ineligible for it,” the Presidential Memorandum provides that payments should not be made. The Presidential Memorandum specified that data to be reviewed includes debt collection records, to the extent allowed by law.

Treasury is working with Federal and state agencies to reduce the government-wide number of errors without negatively impacting citizen access to needed programs. FMS’s payment and debt collection records can help an agency identify when a potential recipient of a Federal payment is ineligible for it. For example, by disclosing payment records to agencies making eligibility determinations for benefits or in the process of awarding contracts, FMS can help agencies determine whether an applicant or potential contractor is receiving other payments from the Government that could impact eligibility. For example, an individual receiving a Federal salary payment may not be eligible for unemployment benefits.

FMS’s payment and debt collection records can also help an agency identify when an applicant for a Federally-funded loan, benefit, contract, grant, or other award owes a delinquent debt and is therefore ineligible for the loan, benefit, contract, grant, or award. By disclosing, in advance, to agencies that an applicant owes a debt, the improper payment can be avoided. Even in situations where a benefit or other award will not be denied because of a delinquent debt, by accessing information from FMS’s records, the paying agency can assist in debt collection efforts by informing the debtor, with whom the agency is in current contact, about his or her debt and the obligation to repay the government. The paying agency can also ensure that any payments to a delinquent debtor are made so that an eligible payment will be intercepted to collect the payee’s delinquent obligation.

Disclosure of payment and debt collection records for the purpose of preventing, reducing, and recouping the Federal Government’s improper payments, and thus, prevention of

an increase in the Government's delinquent debt portfolio, is compatible with the purposes for which the payment and debt collection records are collected and maintained. There is a legitimate need for eliminating or reducing improper payments, which totaled \$115 billion in fiscal year 2011, consistent with IPERA and the requirements of the Presidential Memorandum. FMS's purpose in maintaining its payment records is to ensure that payments are made accurately and timely, and its purpose in maintaining its debt collection records is to collect and resolve delinquent debt. Preventing or minimizing the occurrence of future delinquencies is compatible with and furthers the purposes for which FMS maintains its records. Thus, disclosure of these records to Federal and state agencies responsible for administering Federally-funded programs without incurring improper payments is compatible with FMS's purposes because there is a requisite convergence between FMS's purposes in maintaining its records and the disclosure to prevent, identify, and recoup improper payments.

The proposed amendments to Treasury/FMS .002 and Treasury/FMS. 014 are necessary to ensure the accuracy and timeliness of Federal payments; prevent, identify, and recoup improper payments; collect and resolve delinquent debt; prevent the improper award of loans, benefits, contracts, grants, or other awards to ineligible delinquent debtors; and, to avoid increasing the Government's delinquent nontax debt portfolio, which totaled \$162.6 billion at the end of fiscal year 2011.

*Treasury/FMS .002 --Payment Records*

As a result of the consolidation of Treasury/FMS .002 and FMS .016, the system of records notice is being amended to reflect the change to the title of the notice to "Payment Records--Treasury/Financial Management Service" to more accurately reflect the nature of the records.

The “System location,” is being amended to remove the words “and Hyattsville, MD 20782. Records maintained at Financial Centers in five regions: Austin, TX; Birmingham, AL; Kansas City, MO; Philadelphia, PA; and San Francisco, CA” from the list of locations. Other operational sites are being added to include: “Records are also located throughout the United States at FMS operations centers, Federal Records Centers, Federal Reserve Banks acting as Treasury’s fiscal agents, and financial institutions acting as Treasury’s financial agents.”

Under the “Categories of individuals covered by the system” the list of beneficiaries has been removed and the following is added: “Individuals who are the intended or actual recipients of payments disbursed by the United States Government.”

The “Categories of records in the system” is being changed to read: “Payment records showing a payee’s name; social security number, employer identification number, or other agency identification or account number; physical and/or electronic mailing address; telephone numbers; payment amount; date of issuance; trace number or other payment identification number, such as Treasury check number and symbol; financial institution information, including the routing number of his or her financial institution and the payee’s account number at the financial institution; and vendor contract and/or purchase order number.”

Additional authorities for Maintenance of the System are being added which include “31 U.S.C. 3325, and 31 U.S.C. 3321 note.”

The “Purpose(s)” element is being added to Treasury/FMS .002 to read: “The purpose of this system is to maintain records about individuals who receive payments from the United States Government, through one or more of its departments and agencies. The information contained in the records is maintained for the purposes of: (1) facilitating the accurate and timely disbursement of Federal monies to individuals by check or electronically, authorized under

various programs of the Federal Government; (2) administering and processing claims of payment nonreceipt, payment reclamation actions, returned payments, and other post-disbursement operations; and, (3) identifying, preventing, or recouping improper payments.”

Currently, Treasury/FMS .002 and Treasury/FMS .016 list sixteen routine uses in each of the notices. Following the consolidation of the two systems of records, routine use (5) will need to be harmonized and routine use (12) will need additional language to accurately describe the use of the records.

Under “Routine uses of records maintained in the system, including categories of users and purposes of such uses” the current routine use (5) will be removed and in its place the following language will be added: “(5) Disclose information to a court, magistrate, mediator, or administrative tribunal in the course of presenting evidence; to counsel, experts, or witnesses in the course of civil discovery, litigation, or settlement negotiations, in response to a subpoena, or in connection with criminal law proceedings.” Routine use (12) will have the following language added at the end of the routine use: “or pursuant to Federal law that authorizes the offset of Federal payments to collect delinquent obligations owed to the State, Commonwealth, Territory, or the District of Columbia.”

To facilitate agencies’ compliance with the requirements of IPERA and other Administration directives related to identifying, preventing, and recouping improper payments, the Department is adding a new routine use to permit disclosure of records, including through a matching activity, that will read as follows: “Disclose information to (a) a Federal or state agency, its employees, agents (including contractors of its agents) or contractors; or, (b) a fiscal or financial agent designated by the Financial Management Service or other Department of the Treasury bureau or office, including employees, agents or contractors of such agent; or, (c) a

contractor of the Financial Management Service, for the purpose of identifying, preventing, or recouping improper payments to an applicant for, or recipient of, Federal funds, including funds disbursed by a state in a state-administered, Federally-funded program; disclosure may be made to conduct computerized comparisons for this purpose.”

Under “Retrievability,” the current entry is removed and is replaced with the following: “Records are retrieved by name, social security number, employer identification number, agency-supplied identifier, date of payment, or trace number or other payment identifying information, such as check number.”

Under the heading “Safeguards,” the language is revised to read: “All official access to the records is on a need-to-know basis only, as authorized by a business line manager at FMS or Treasury's fiscal or financial agent. Procedural and physical safeguards, such as personal accountability, audit logs, and specialized communications security, are utilized. Each user of computer systems containing records has individual passwords (as opposed to group passwords) or other unique, secure access authentication credentials for which he or she is responsible. Thus, a security manager can identify access to the records by user. Access to computerized records is limited, through use of access codes, encryption techniques, and/or other internal mechanisms, to those whose official duties require access. Storage facilities are secured by various means such as security guards, badge access, and locked doors with key entry.”

Finally, FMS .002 is being amended by revising the language under “Records source categories” to read as follows: “Information in this system is provided by Federal departments and agencies responsible for certifying, disbursing, and collecting Federal payments; Treasury or Treasury-designated fiscal and financial agents of the United States that process payments and



collections; and commercial database vendors. Each of these record sources may include information obtained from individuals.”

*Treasury/FMS .014--Debt Collection Operations System*

The Privacy Act notice pertaining to this system of records is being revised under “System location” by removing the current entry and in its place adding the following language: “Records are also located throughout the United States at FMS operations centers, Federal Records Centers, Federal Reserve Banks acting as Treasury’s fiscal agents, and financial institutions acting as Treasury’s financial agents. Additional addresses may be obtained from the system managers.”

Additional authority for Maintenance of the System is being added which includes “31 U.S.C. 3321 note.”

Under the heading “Purpose(s),” language is being added at the end of the paragraph to indicate that the purpose of maintaining the records includes “resolving delinquent debts owed by debtors who are ineligible for Federally-funded programs until the delinquency is resolved, and for identifying, preventing, or recouping improper payments to individuals who owe delinquent obligations to Federal and/or state agencies.” This makes clearer that part of FMS’s debt collection responsibilities includes helping Federal and state agencies prevent increases in delinquent debts and use all available mechanisms to collect existing debts.

Currently, Treasury/FMS .014 lists nine routine uses in the notice. Under “Routine uses of records maintained in the system, including categories of users and purposes of such uses,” the current routine use (2) will be removed and in its place the following language will be added: “(2) Disclose information to a court, magistrate, mediator, or administrative tribunal in the course of presenting evidence; to counsel, experts, or witnesses in the course of civil discovery,

litigation, or settlement negotiations, in response to a subpoena, or in connection with criminal law proceedings.” The current routine use (8) will be revised by adding to (8)a.(iii) “or locate debtors” before the semi-colon.

To facilitate agencies’ compliance with the requirements of IPERA and other Administration directives related to identifying, preventing, and recouping improper payments, the Department is adding a new routine use to permit disclosure of records, including through a matching activity, that will read as follows: “These records may be used to disclose information to: (a) a Federal or state agency, its employees, agents (including contractors of its agents) or contractors; or, (b) a fiscal or financial agent designated by the Financial Management Service or other Department of the Treasury bureau or office, including employees, agents or contractors of such agent; or, (c) a contractor of the Financial Management Service, for the purpose of identifying, preventing, or recouping improper payments to an applicant for, or recipient of, Federal funds, including funds disbursed by a state in a state-administered, Federally-funded program; disclosure may be made to conduct computerized comparisons for this purpose.”

Description of the change: Remove current routine use (2) and in its place add the following: “(2) A court, magistrate, mediator, or administrative tribunal in the course of presenting evidence; counsel, experts, or witnesses in the course of civil discovery, litigation, or settlement negotiations, in response to a subpoena, or in connection with criminal law proceedings;” and in current routine use (8), add to (8)a.(iii) “or locate debtors” before the semi-colon.

FMS is also adding a new routine use to this system of records to reflect disclosures that may be made to identify, prevent, or recoup improper payments to individuals who owe delinquent debts to Federal and state agencies and disclosures may be made by a computerized

comparison. The new routine use reads as follows: “These records may be used to disclose information to: . . . (a) a Federal or state agency, its employees, agents (including contractors of its agents) or contractors; or, (b) a fiscal or financial agent designated by the Financial Management Service or other Department of the Treasury bureau or office, including employees, agents or contractors of such agent; or, (c) a contractor of the Financial Management Service, for the purpose of identifying, preventing, or recouping improper payments to an applicant for, or recipient of, Federal funds, including funds disbursed by a state in a state-administered, Federally-funded program; disclosure may be made to conduct computerized comparisons for this purpose.”

Under “Record Source Categories,” the current entry is being amended to read: “Information in this system is provided by the individual on whom the record is maintained; Federal and State agencies to which the debt is owed; Federal agencies and other entities that employ the individual or have information concerning the individual's employment or financial resources; Federal and State agencies issuing payments; collection agencies; locator and asset search companies, credit bureaus, and other database vendors; Federal, State or local agencies furnishing identifying information and/or debtor address information; and/or public documents.”

FMS recognizes the sensitive nature of the information it may be disclosing to other Federal and state agencies and has many safeguards in place to protect the information from theft or inadvertent disclosure. In addition to various procedural and physical safeguards, access to computerized records is limited through the use of access codes, encryption techniques and/or other internal mechanisms. Access to records is granted only as authorized by a business line manager at FMS and is limited to those whose official duties require access solely for the purposes outlined in the proposed system.

The notice for FMS's systems of records was last published in its entirety on May 15, 2009, at 74 FR 23007 for Treasury/FMS .002 and at 74 FR 23018 for Treasury/FMS .016. The notice for Treasury/FMS .014 was last published in its entirety on June 4, 2009 at 74 FR 26924.

The altered system of records report, as required by 5 U.S.C. 552a(r), has been submitted to the Committee on Government Reform and Oversight of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate and the Office of Management and Budget, pursuant to Appendix I to OMB Circular A-130, "Federal Agency Responsibilities for Maintaining Records About Individuals," dated November 30, 2000.

For the reasons set forth in the preamble, FMS proposes to consolidate its system of records entitled "Treasury/FMS .002-- Payment Issue Records for Regular Recurring Benefit Payments" and "Treasury/FMS .016--Payment Records for Other Than Regular Recurring Benefit Payments." FMS also proposes to rename and amend its consolidated Treasury/FMS .002 system of records notice and amend its system of records notice entitled "Treasury/FMS .014--Debt Collection Operations System," as follows:

The consolidated and amended notices entitled "Treasury/FMS .002--Payment Records" and "Treasury/FMS .014--Debt Collection Operations" are reprinted in their entirety below.

Dated: January 26, 2012.

Melissa Hartman,

Deputy Assistant Secretary for Privacy, Transparency, and Records.

## **TREASURY/FMS .002**

SYSTEM NAME:

Payment Records--Treasury/Financial Management Service.

#### SYSTEM LOCATION:

The Financial Management Service, U.S. Department of the Treasury, Washington, DC 20227. Records are also located throughout the United States at FMS operations centers, Federal Records Centers, Federal Reserve Banks acting as Treasury's fiscal agents, and financial institutions acting as Treasury's financial agents. Additional addresses may be obtained from the system managers.

#### CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Individuals who are the intended or actual recipients of payments disbursed by the United States Government.

#### CATEGORIES OF RECORDS IN THE SYSTEM:

Payment records showing a payee's name; social security number, employer identification number, or other agency identification or account number; physical and/or electronic mailing address; telephone numbers; payment amount; date of issuance; trace number or other payment identification number, such as Treasury check number and symbol; financial institution information, including the routing number of his or her financial institution and the payee's account number at the financial institution; and vendor contract and/or purchase order number.

#### AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

5 U.S.C. 301; 31 U.S.C. 3325, and 31 U.S.C. 3321 note; Executive Order 6166, dated June 10, 1933.

#### PURPOSE:

The purpose of this system is to maintain records about individuals who receive payments from the United States Government, through one or more of its departments and agencies. The information contained in the records is maintained for the purposes of: (1) facilitating the accurate and timely disbursement of Federal monies to individuals by check or electronically, authorized under various programs of the Federal Government; (2) administering and processing claims of payment nonreceipt, payment reclamation actions, returned payments, and other post-disbursement operations; and, (3) identifying, preventing, or recouping improper payments.

#### ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

These records may be used to:

- (1) Disclose to banking industry for payment verification;
- (2) Disclose to Federal investigative agencies, Departments and agencies for whom payments are made, and payees;
- (3) Disclose pertinent information to appropriate Federal, State, local or foreign agencies responsible for investigating or prosecuting the violations of, or for enforcing or implementing, a statute, rule, regulation, order, or license, where the disclosing agency becomes aware of an indication of a violation or potential violation of civil or criminal law or regulation;

(4) Disclose information to a Federal, State, or local agency maintaining civil, criminal or other relevant enforcement information or other pertinent information, which has requested information relevant or necessary to the requesting agency's or the bureau's hiring or retention of an individual, or issuance of a security clearance, license, contract, grant, or other benefit;

(5) Disclose information to a court, magistrate, mediator, or administrative tribunal in the course of presenting evidence; to counsel, experts, or witnesses in the course of civil discovery, litigation, or settlement negotiations, in response to a subpoena, or in connection with criminal law proceedings;

(6) Disclose information to foreign governments in accordance with formal or informal international agreements;

(7) Provide information to a congressional office in response to an inquiry made at the request of the individual to whom the record pertains;

(8) Provide information to the news media in accordance with guidelines contained in 28 CFR 50.2 which relate to an agency's functions relating to civil and criminal proceedings;

(9) Provide information to unions recognized as exclusive bargaining representatives under the Civil Service Reform Act of 1978, 5 U.S.C. 7111 and 7114;

(10) Provide information to third parties during the course of an investigation to the extent necessary to obtain information pertinent to the investigation;

(11) Disclose information concerning delinquent debtors to Federal creditor agencies, their employees, or their agents for the purpose of facilitating or conducting Federal administrative offset, Federal tax refund offset, Federal salary offset, or for any other authorized debt collection purpose;

(12) Disclose information to any State, Territory or Commonwealth of the United States, or the District of Columbia to assist in the collection of State, Commonwealth, Territory or District of Columbia claims pursuant to a reciprocal agreement between FMS and the State, Commonwealth, Territory or the District of Columbia, or pursuant to Federal law that authorizes the offset of Federal payments to collect delinquent obligations owed to the State, Commonwealth, Territory, or the District of Columbia;

(13) Disclose to the Defense Manpower Data Center and the United States Postal Service and other Federal agencies through authorized computer matching programs for the purpose of identifying and locating individuals who are delinquent in their repayment of debts owed to the Department or other Federal agencies in order to collect those debts through salary offset and administrative offset, or by the use of other debt collection tools;

(14) Disclose information to a contractor of the Financial Management Service for the purpose of performing routine payment processing services, subject to the same limitations applicable to FMS officers and employees under the Privacy Act;

(15) Disclose information to a fiscal or financial agent of the Financial Management Service, its employees, agents, and contractors, or to a contractor of the Financial Management Service, for the purpose of ensuring the efficient administration of payment processing services, subject to the same or equivalent limitations applicable to FMS officers and employees under the Privacy Act;

(16) Disclose information to appropriate agencies, entities, and persons when (a) the Department suspects or has confirmed that the security or confidentiality of information in the system of records has been compromised; (b) the Department has determined that as a result of



the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by the Department or another agency or entity) that rely upon the compromised information; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm; and

(17) Disclose information to (a) a Federal or state agency, its employees, agents (including contractors of its agents) or contractors; or, (b) a fiscal or financial agent designated by the Financial Management Service or other Department of the Treasury bureau or office, including employees, agents or contractors of such agent; or, (c) a contractor of the Financial Management Service, for the purpose of identifying, preventing, or recouping improper payments to an applicant for, or recipient of, Federal funds, including funds disbursed by a state in a state-administered, Federally-funded program; disclosure may be made to conduct computerized comparisons for this purpose.

## POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, DISPOSING OF RECORDS IN THE SYSTEM:

### STORAGE:

Hardcopy/Electronic.

### RETRIEVABILITY:

Records are retrieved by name, social security number, employer identification number, agency-supplied identifier, date of payment, or trace number or other payment identifying information, such as check number.

#### SAFEGUARDS:

All official access to the records is on a need-to-know basis only, as authorized by a business line manager at FMS, or a fiscal or financial agent of the United States, consistent with agent authority granted by Treasury or FMS. Procedural and physical safeguards, such as personal accountability, audit logs, and specialized communications security, are utilized. Each user of computer systems containing records has individual passwords (as opposed to group passwords) or other unique, secure access authentication credentials for which he or she is responsible. Thus, a security manager can identify access to the records by user. Access to computerized records is limited, through use of access codes, encryption techniques, and/or other internal mechanisms, to those whose official duties require access. Storage facilities are secured by various means such as security guards, badge access, and locked doors with key entry.

#### RETENTION AND DISPOSAL:

FMS has submitted a records schedule to the National Archives and Records Administration (NARA) with a proposed retention period of seven years. Until NARA approves the proposed records schedule, disposal is not authorized.

#### SYSTEM MANAGER(S) AND ADDRESS:

Chief Disbursing Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227.

#### NOTIFICATION PROCEDURE:

Inquiries under the Privacy Act of 1974 shall be addressed to the Disclosure Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227. All individuals making inquiries should provide with their request as much descriptive matter as is possible to identify the particular record desired. The system manager will advise as to whether the Financial Management Service maintains the record requested by the individual.

#### RECORD ACCESS PROCEDURES:

Individuals requesting information under the Privacy Act of 1974 concerning procedures for gaining access or contesting records should write to the Disclosure Officer at the address shown above. All individuals are urged to examine the rules of the U.S. Department of the Treasury published in 31 CFR, part 1, subpart C concerning requirements of this Department with respect to the Privacy Act of 1974.

#### CONTESTING RECORD PROCEDURES:

See "Record access procedures" above.

#### RECORD SOURCE CATEGORIES:

Information in this system is provided by Federal departments and agencies responsible for certifying, disbursing, and collecting Federal payments; Treasury or FMS-designated fiscal and

financial agents of the United States that process payments and collections; and commercial database vendors. Each of these record sources may include information obtained from individuals.

**EXEMPTIONS CLAIMED FOR THE SYSTEM:**

None.

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**TREASURY/FMS.014**

**SYSTEM NAME:**

Debt Collection Operations System--Treasury/Financial Management Service.

**SYSTEM LOCATION:**

Records are also located throughout the United States at FMS operations centers, Federal Records Centers, Federal Reserve Banks acting as Treasury's fiscal agents, and financial institutions acting as Treasury's financial agents. Additional addresses may be obtained from the system managers

**CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:**

Individuals who owe debts to: (a) The United States, through one or more of its departments and agencies; and/or (b) States, territories and commonwealths of the United States, and the District of Columbia (hereinafter collectively referred to as ``States").

## CATEGORIES OF RECORDS IN THE SYSTEM:

Debt records containing information about the debtor(s), the type of debt, the governmental entity to which the debt is owed, and the debt collection tools utilized to collect the debt. The records may contain identifying information, such as name(s) and taxpayer identifying number (i.e., Social Security number or employer identification number); debtor contact information, such as work and home address, and work and home telephone numbers; information concerning the financial status of the debtor and his/her household, including income, assets, liabilities or other financial burdens, and any other resources from which the debt may be recovered; and name of employer and employer address. Debts include unpaid taxes, loans, assessments, fines, fees, penalties, overpayments, advances, extensions of credit from sales of goods or services, and other amounts of money or property owed to, or collected by, the Federal Government or a State, including past due support which is being enforced by a State. The records also may contain information about: (a) The debt, such as the original amount of the debt, the debt account number, the date the debt originated, the amount of the delinquency or default, the date of delinquency or default, basis for the debt, amounts accrued for interest, penalties, and administrative costs, and payments on the account; (b) Actions taken to collect or resolve the debt, such as copies of demand letters or invoices, documents or information required for the referral of accounts to collection agencies or for litigation, and collectors' notes regarding telephone or other communications related to the collection or resolution of the debt; and (c) The referring or governmental agency that is collecting or owed the debt, such as name, telephone number, and address of the agency contact.

## AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

Federal Claims Collection Act of 1966 (Pub. L. 89-508), as amended by the Debt Collection Act of 1982 (Pub. L. 97-365, as amended); Deficit Reduction Act of 1984 (Pub. L. 98-369, as amended); Debt Collection Improvement Act of 1996 (Pub. L. 104-134, sec. 31001); Taxpayer Relief Act of 1997 (Pub. L. 105-34); Internal Revenue Service Restructuring and Reform Act of 1998 (Pub. L. 105-206); 26 U.S.C. 6402; 26 U.S.C. 6331; 31 U.S.C. Chapter 37 (Claims), Subchapter I (General) and Subchapter II (Claims of the U.S. Government); 31 U.S.C. 3321 note.

#### PURPOSE(S):

The purpose of this system is to maintain records about individuals who owe debt(s) to the United States, through one or more of its departments and agencies, and/or to States, including past due support enforced by States. The information contained in the records is maintained for the purpose of taking action to facilitate the collection and resolution of the debt(s) using various collection methods, including, but not limited to, requesting repayment of the debt by telephone or in writing, offset, levy, administrative wage garnishment, referral to collection agencies or for litigation, and other collection or resolution methods authorized or required by law. The information also is maintained for the purpose of providing collection information about the debt to the agency collecting the debt, to provide statistical information on debt collection operations, and for the purpose of testing and developing enhancements to the computer systems which contain the records. The information also is maintained for the purpose of resolving delinquent debts owed by debtors who are ineligible for Federally-funded programs until the delinquency is resolved, and for identifying, preventing, or recouping improper payments to individuals who owe delinquent obligations to Federal and/or state agencies.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING  
CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

These records may be used to disclose information to:

- (1) Appropriate Federal, State, local or foreign agencies responsible for investigating or implementing, a statute, rule, regulation, order, or license;
- (2) A court, magistrate, mediator, or administrative tribunal in the course of presenting evidence; counsel, experts, or witnesses in the course of civil discovery, litigation, or settlement negotiations, in response to a subpoena, or in connection with criminal law proceedings;
- (3) A congressional office in response to an inquiry made at the request of the individual to whom the record pertains;
- (4) Any Federal agency, State or local agency, U.S. territory or commonwealth, or the District of Columbia, or their agents or contractors, including private collection agencies (consumer and commercial):
  - a. To facilitate the collection of debts through the use of any combination of various debt collection methods required or authorized by law, including, but not limited to;
    - (i) Request for repayment by telephone or in writing;
    - (ii) Negotiation of voluntary repayment or compromise agreements;
    - (iii) Offset of Federal payments, which may include the disclosure of information contained in the records for the purpose of providing the debtor with appropriate pre-offset notice and to otherwise comply with offset prerequisites, to facilitate voluntary repayment in lieu of offset, and to otherwise effectuate the offset process;

(iv) Referral of debts to private collection agencies, to Treasury-designated debt collection centers, or for litigation;

(v) Administrative and court-ordered wage garnishment;

(vi) Debt sales;

(vii) Publication of names and identities of delinquent debtors in the media or other appropriate places; and

(viii) Any other debt collection method authorized by law;

b. To conduct computerized comparisons to locate Federal payments to be made to debtors;

c. To conduct computerized comparisons to locate employers of, or obtain taxpayer identifying numbers or other information about, an individual for debt collection purposes;

d. To collect a debt owed to the United States through the offset of payments made by States, territories, commonwealths, or the District of Columbia;

e. To account or report on the status of debts for which such entity has a financial or other legitimate need for the information in the performance of official duties;

f. For the purpose of denying Federal financial assistance in the form of a loan or loan guaranty to an individual who owes delinquent debt to the United States or who owes delinquent child support that has been referred to FMS for collection by administrative offset;

g. To develop, enhance and/or test database, matching, communications, or other computerized systems which facilitate debt collection processes; or

h. For any other appropriate debt collection purpose.

(5) The Department of Defense, the U.S. Postal Service, or other Federal agency for the purpose of conducting an authorized computer matching program in compliance with the Privacy Act of 1974, as amended, to identify and locate individuals receiving Federal payments



including, but not limited to, salaries, wages, and benefits, which may include the disclosure of information contained in the records for the purpose of requesting voluntary repayment or implementing Federal employee salary offset or other offset procedures;

(6) The Department of Justice or other Federal agency:

- a. when requested in connection with a legal proceeding, or
- b. to obtain concurrence in a decision to compromise, suspend, or terminate collection action on a debt;

(7) Any individual or other entity who receives Federal payments as a joint payee with a debtor for the purpose of providing notice of, and information about, offsets from such Federal payments; and

(8) Any individual or entity:

a. To facilitate the collection of debts through the use of any combination of various debt collection methods required or authorized by law, including, but not limited to:

- (i) Administrative and court-ordered wage garnishment;
- (ii) Report information to commercial credit bureaus;
- (iii) Conduct asset searches or locate debtors;
- (iv) Publish names and identities of delinquent debtors in the media or other appropriate places; or
- (v) Debt sales;

b. For the purpose of denying Federal financial assistance in the form of a loan or loan guaranty to an individual who owes delinquent debt to the United States or who owes delinquent child support that has been referred to FMS for collection by administrative offset; or

c. For any other appropriate debt collection purpose. Disclosure to consumer reporting agencies including for the provision of routine debt collection services by an FMS contractor subject to the same limitations applicable to FMS officers and employees under the Privacy Act; and

(9) Appropriate agencies, entities, and persons when (A) the Department suspects or has confirmed that the security or confidentiality of information in the system of records has been compromised; (B) the Department has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by the Department or another agency or entity) that rely upon the compromised information; and (C) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.

(10) (a) a Federal or state agency, its employees, agents (including contractors of its agents) or contractors; or, (b) a fiscal or financial agent designated by the Financial Management Service or other Department of the Treasury bureau or office, including employees, agents or contractors of such agent; or, (c) a contractor of the Financial Management Service, for the purpose of identifying, preventing, or recouping improper payments to an applicant for, or recipient of, Federal funds, including funds disbursed by a state in a state-administered, Federally-funded program; disclosure may be made to conduct computerized comparisons for this purpose.

DISCLOSURE TO CONSUMER REPORTING AGENCIES:

Debt information concerning a government claim against a debtor is also furnished, in accordance with 5 U.S.C. 552a(b)(12) and 31 U.S.C. 3711(e), to consumer reporting agencies, as defined by the Fair Credit Reporting Act, 5 U.S.C. 1681(f), to encourage repayment of a delinquent debt.

#### POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

##### STORAGE:

Hardcopy/Electronic.

##### RETRIEVABILITY:

Records are retrieved by various combinations of name, taxpayer identifying number (i.e., social security number or employer identification number), or debt account number.

##### SAFEGUARDS:

All officials access the system of records on a need-to-know basis only, as authorized by the system manager. Procedural and physical safeguards are utilized, such as accountability, receipt records, and specialized communications security. Access to computerized records is limited, through use of access codes, entry logs, and other internal mechanisms, to those whose official duties require access. Hard-copy records are held in steel cabinets, with access limited by visual controls and/or lock systems. During normal working hours, files are attended by

responsible officials; files are locked up during non-working hours. The building is patrolled by uniformed security guards.

#### RETENTION AND DISPOSAL:

Retention periods vary by record type, up to a maximum of seven years after the end of the fiscal year in which a debt is resolved or returned to the agency as uncollectible.

#### SYSTEM MANAGER(S) AND ADDRESS:

System Manager, Debt Management Services, Financial Management Service, 401 14th Street, SW., Washington, DC 20227.

#### NOTIFICATION PROCEDURE:

Inquiries under the Privacy Act of 1974, as amended, shall be addressed to the Disclosure Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227. All individuals making inquiries should provide with their request as much descriptive matter as is possible to identify the particular record desired. The system manager will advise as to whether FMS maintains the records requested by the individual.

#### RECORD ACCESS PROCEDURES:

Individuals requesting information under the Privacy Act of 1974, as amended, concerning procedures for gaining access or contesting records should write to the Disclosure Officer. All individuals are urged to examine the rules of the U.S. Department of the Treasury published in

31 CFR part 1, subpart C, and appendix G, concerning requirements of this Department with respect to the Privacy Act of 1974, as amended.

CONTESTING RECORD PROCEDURES:

See ``Record access procedures" above.

RECORD SOURCE CATEGORIES:

Information in this system is provided by the individual on whom the record is maintained; Federal and State agencies to which the debt is owed; Federal agencies and other entities that employ the individual or have information concerning the individual's employment or financial resources; Federal and State agencies issuing payments; collection agencies; locator and asset search companies, credit bureaus, and other database vendors; Federal, State or local agencies furnishing identifying information and/or debtor address information; and/or public documents.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

**Billing Code: 4810-35-P**